

**FINANCIAL STATEMENTS**

**TOWNSHIP OF BARK RIVER**

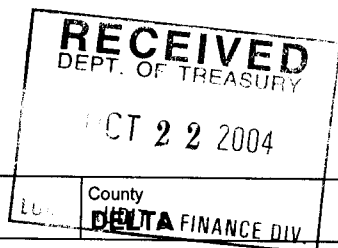
**Delta County, Michigan**

21-1020

**As of and for the year ended March 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>BARK RIVER</b>	
Audit Date <b>3/31/04</b>	Opinion Date <b>5/28/04</b>	Date Accountant Report Submitted to State: <b>5/28/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes to the report of comments and recommendations.

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name)

**SCHNEIDER, LARCHE, HAAPALA & COMPANY, PLLC**

Street Address

**401 LUDINGTON**

City

**ESCANABA**

State

**MI**

ZIP

**49829**

Accountant Signature

Date

*Schneider Larche Haapala Company PLLC*  
**10/18/04**

**TABLE OF CONTENTS**  
**FINANCIAL STATEMENTS**

**TOWNSHIP OF BARK RIVER**

March 31, 2004

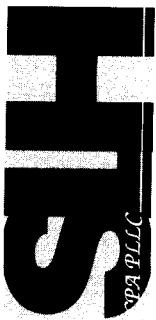
<b><u>EXHIBIT</u></b>		<b><u>PAGE</u></b>
	Independent Auditors' Report	1
	<u>Combined Financial Statements</u> - (General Purpose Financial Statements)	
I	Combined Statement of Assets and Liabilities Arising from Cash Transactions - All Fund Types and Account Groups	2
II	Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - All Governmental Fund Types	3
III	Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual - General, Special Revenue and Debt Service Funds	4
IV	Combined Statement of Revenues Received, Expenses Paid and Changes in Fund Balance - "Nonexpendable Trust" Fiduciary Fund Type	5
V	Combined Statement of Cash Flows - "Nonexpendable Trust" Fiduciary Fund Type	6
	Notes to Financial Statements	7
	<u>Combining Financial Statements</u>	
	Special Revenue Funds:	
VI	Combining Statement of Assets and Liabilities Arising from Cash Transactions	13
VII	Combining Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance	14
	Trust and Agency Funds:	
VIII	Combining Statement of Assets and Liabilities Arising from Cash Transactions - All Trust and Agency Funds	15

**TABLE OF CONTENTS (Continued)**  
**FINANCIAL STATEMENTS**

**TOWNSHIP OF BARK RIVER**

March 31, 2004

<b><u>EXHIBIT</u></b>		<b><u>PAGE</u></b>
IX	Combining Statement of Changes in Cash and Liability Balances - All Agency Funds	16
	<b><u>Individual Fund Financial Statements</u></b>	
	General Fund:	
X	Statement of Budgeted and Actual Revenues Received	17
XI	Statement of Budgeted and Actual Expenditures Paid - by Activity	18
	Special Revenue Funds:	
XII	Liquor Law Enforcement Fund - Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual	19
XIII	Municipal Building Fund - Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual	20
XIV	Cemetery Maintenance Fund - Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual	21
XV	Casino Revenue Sharing - Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual	22
XVI	Fire Fund - Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual	23
XVII	Fire Equipment Fund - Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual	24
XVIII	Road Fund - Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual	25
	Debt Service Funds:	
XIX	Fire Hall - Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances - Budget and Actual	26



*Schneider, Larche,  
Haapala & Co., PLLC*

**CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS**

David P. Pechawer, C.P.A., P.C.

Denise M. Boyle, C.P.A., P.C.

Bruce D. Dewar, C.P.A.

Karen L. Meiers, C.P.A., P.C.

May 28, 2004

Township Board  
Township of Bark River  
Delta County, Michigan

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the Township of Bark River, Michigan, and the combining and individual fund financial statements of the Township as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Township of Bark River, Michigan, as of March 31, 2004, and the revenue collected and expenditures and expenses paid, and the cash flows of its proprietary fund type for the year then ended, on the basis of accounting described in Note 1. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly the assets and liabilities arising from cash transactions of each of the individual funds of the Township of Bark River, Michigan, as of March 31, 2004, and the revenue collected and expenditures paid of such funds during the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2004 on our consideration of the Township of Bark River's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Schneider Larche Haapala Company PLLC*  
Certified Public Accountants



**COMBINED FINANCIAL STATEMENTS**  
**(GENERAL PURPOSE FINANCIAL STATEMENTS)**

## TOWNSHIP OF BARK RIVER

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS -  
ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

ASSETS	Governmental Fund Types		Fiduciary Fund Type Trust and Agency	Account Groups			Total (Memorandum Only)
	General	Special Revenue		Debt Service	General Fixed Assets	General Long-term Debt	
Cash	\$ 94,797	\$ 120,586	\$ 36,878	\$ -	\$ -	\$ -	\$ 279,404
Due from other funds	498	-	-	-	-	-	498
Property and equipment	-	-	-	1,624,324	-	-	1,624,324
Amount available for debt retirement	-	-	-	-	-	27,143	27,143
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	481,192	481,192
TOTAL ASSETS	\$ 95,295	\$ 120,586	\$ 36,878	\$ 1,624,324	\$ 508,335	\$ -	\$ 2,412,561

LIABILITIES AND FUND EQUITY

Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ 498	\$ -	\$ -	\$ -	\$ 498
Notes payable	-	-	-	-	-	202,035	-	202,035
Bonds payable	-	-	-	-	-	306,300	-	306,300
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 498</b>	<b>\$ -</b>	<b>\$ 508,335</b>	<b>\$ -</b>	<b>\$ 508,833</b>
Fund Equity:								
Investment in general fixed assets	\$ -	\$ -	\$ -	\$ -	\$ 1,624,324	\$ -	\$ -	\$ 1,624,324
Fund Balance:								
Reserved for perpetual care	-	-	-	35,865	-	-	-	35,865
Unreserved	95,295	120,586	27,143	515	-	-	-	243,539
<b>TOTAL FUND EQUITY</b>	<b>\$ 95,295</b>	<b>\$ 120,586</b>	<b>\$ 27,143</b>	<b>\$ 36,380</b>	<b>\$ 1,624,324</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,903,728</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 95,295</b>	<b>\$ 120,586</b>	<b>\$ 27,143</b>	<b>\$ 36,878</b>	<b>\$ 1,624,324</b>	<b>\$ 508,335</b>	<b>\$ -</b>	<b>\$ 2,412,561</b>

See notes to general purpose financial statements.

## TOWNSHIP OF BARK RIVER

**COMBINED STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES**

For the year ended March 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
Revenues Received:				
Taxes	\$ 51,723	\$ -	\$ 24,816	\$ 76,539
State grants	125,077	1,167	-	126,244
Federal grants	81,000	-	-	81,000
Charges for services	-	5,209	-	5,209
Interest and rentals	25,541	1,894	-	27,435
Contributions and donations	489	26,100	-	26,589
Other	<u>11,764</u>	<u>673</u>	<u>-</u>	<u>12,437</u>
	\$ <u>295,594</u>	\$ <u>35,043</u>	\$ <u>24,816</u>	\$ <u>355,453</u>
Expenditures Paid:				
Legislative	\$ 23,534	\$ -	\$ -	\$ 23,534
General government	34,851	6,135	-	40,986
Public safety	87,734	19,886	-	107,620
Public works	58,221	-	-	58,221
Recreation and cultural	59,980	-	-	59,980
Other	23,954	-	-	23,954
Debt service	<u>31,246</u>	<u>-</u>	<u>19,668</u>	<u>50,914</u>
	\$ <u>319,520</u>	\$ <u>26,021</u>	\$ <u>19,668</u>	\$ <u>365,209</u>
Excess of Revenues Received Over (Under) Expenditures Paid	(\$ 23,926)	\$ 9,022	\$ 5,148	(\$ 9,756)
Other Financing Sources (Uses):				
Operating transfers in	39,151	20,268	-	59,419
Operating transfers out	( <u>17,000</u> )	( <u>40,419</u> )	<u>-</u>	( <u>57,419</u> )
Excess of Revenues Received and Other Sources Over (Under) Expenditures Paid and Other Uses	(\$ 1,775)	(\$ 11,129)	\$ 5,148	(\$ 7,756)
FUND BALANCE, APRIL 1	<u>97,070</u>	<u>131,715</u>	<u>21,995</u>	<u>250,780</u>
FUND BALANCE, MARCH 31	\$ <u><u>95,295</u></u>	\$ <u><u>120,586</u></u>	\$ <u><u>27,143</u></u>	\$ <u><u>243,024</u></u>

See notes to financial statements.



## TOWNSHIP OF BARK RIVER

**COMBINED STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS**

For the year ended March 31, 2004

	General Fund			Special Revenue Funds			Debt Service Fund		
	Amended Budget	Actual	Variance- Favorable (Unfavorable)	Original Budget	Actual	Variance- Favorable (Unfavorable)	Original Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues Received:</b>									
Taxes	\$ 52,000	\$ 51,723	(\$ 277)	\$ -	\$ -	\$ -	\$ 20,200	\$ 24,816	\$ 4,616
State grants	115,000	125,077	10,077	1,075	1,167	92	-	-	-
Federal grants	81,000	81,000	-	-	-	-	-	-	-
Charges for services	-	-	-	4,900	5,209	309	-	-	-
Interest and rentals	33,000	25,541	( 7,459)	-	1,894	1,894	-	-	-
Contributions	-	489	489	-	26,100	26,100	-	-	-
Other	500	11,764	11,264	-	673	673	-	-	-
	<u>\$ 281,500</u>	<u>\$ 295,594</u>	<u>\$ 14,094</u>	<u>\$ 5,975</u>	<u>\$ 35,043</u>	<u>\$ 29,068</u>	<u>\$ 20,200</u>	<u>\$ 24,816</u>	<u>\$ 4,616</u>
<b>Expenditures Paid:</b>									
Legislative	\$ 37,000	\$ 23,534	\$ 13,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General government	43,400	34,851	8,549	8,360	6,135	2,225	-	-	-
Public safety	90,000	87,734	2,266	30,955	19,886	11,069	-	-	-
Public works	69,500	58,221	11,279	-	-	-	-	-	-
Recreational and cultural	84,000	59,980	24,020	-	-	-	-	-	-
Other	26,500	23,954	2,546	-	-	-	-	-	-
Debt service	35,000	31,246	3,754	-	-	-	20,200	19,668	532
	<u>\$ 385,400</u>	<u>\$ 319,520</u>	<u>\$ 65,880</u>	<u>\$ 39,315</u>	<u>\$ 26,021</u>	<u>\$ 13,294</u>	<u>\$ 20,200</u>	<u>\$ 19,668</u>	<u>\$ 532</u>
<b>Excess of Revenues Received Over (Under) Expenditures Paid</b>	(\$ 103,900)	(\$ 23,926)	\$ 79,974	(\$ 33,340)	\$ 9,022	\$ 42,362	\$ -	\$ 5,148	\$ 5,148
<b>Other Financing Sources (Uses):</b>									
Operating transfers in	50,000	39,151	( 10,849)	32,000	20,268	( 11,732)	-	-	-
Operating transfers out	( 41,124)	( 17,000)	24,124	-	( 40,419)	( 40,419)	( 1,400)	-	1,400
<b>Excess of Revenues Received and Other Sources Over (Under) Expenditures Paid and Other Uses</b>	(\$ 95,024)	(\$ 1,775)	\$ 93,249	(\$ 1,340)	(\$ 11,129)	(\$ 9,789)	(\$ 1,400)	\$ 5,148	\$ 6,548
<b>FUND BALANCE, APRIL 1</b>	97,070	97,070	-	131,715	131,715	-	21,995	21,995	-
<b>FUND BALANCE, MARCH 31</b>	<u>2,046</u>	<u>95,295</u>	<u>93,249</u>	<u>130,375</u>	<u>120,586</u>	<u>9,789</u>	<u>20,595</u>	<u>27,143</u>	<u>6,548</u>

See notes to financial statements.

## TOWNSHIP OF BARK RIVER

**COMBINED STATEMENT OF REVENUES RECEIVED, EXPENSES PAID**  
**AND CHANGES IN FUND BALANCE - "NONEXPENDABLE TRUST"**  
**FIDUCIARY FUND TYPE**

For the year ended March 31, 2004

	<u>Nonexpendable Trust</u>	<u>Total (Memorandum Only)</u>
Revenues Received:		
Contributions, perpetual care	\$ 2,100	\$ 2,100
Interest	<u>398</u>	<u>398</u>
	\$ <u>2,498</u>	\$ <u>2,498</u>
Excess of Revenues Received Over (Under) Expenses Paid Before Operating Transfers	\$ 2,498	\$ 2,498
Operating transfers out	( <u>2,000</u> )	( <u>2,000</u> )
Excess of Revenues Received Over (Under) Expenses Paid	\$ 498	\$ 498
FUND BALANCE, APRIL 1	<u>35,882</u>	<u>35,882</u>
FUND BALANCE, MARCH 31	\$ <u><u>36,380</u></u>	\$ <u><u>36,380</u></u>

See notes to financial statements.

## TOWNSHIP OF BARK RIVER

**COMBINED STATEMENT OF CASH FLOWS -**  
**"NONEXPENDABLE TRUST" FIDUCIARY FUND TYPE**

For the year ended March 31, 2004

	<u>Nonexpendable Trust</u>	<u>Total (Memorandum Only)</u>
Cash Flows from Operating Activities:		
Current contributions	\$ 2,100	\$ 2,100
Operating transfer out	( 2,000)	( 2,000)
	\$ 100	\$ 100
Cash Flows from Investing Activities:		
Interest income received	\$ 398	\$ 398
Net increase (decrease) in cash	\$ 498	\$ 498
Cash and cash equivalents, April 1	<u>35,882</u>	<u>35,882</u>
Cash and cash equivalents, March 31	\$ <u>36,380</u>	\$ <u>36,380</u>
Reconciliation of Excess of Revenues Received Over (Under) Expenses Paid Before Operating Transfers to Cash Flows from Operating Activities:		
Excess of revenues received over expenses paid before operating transfers	\$ 2,498	\$ 2,498
Operating transfer out	( 2,000)	( 2,000)
Less, interest income classified as revenue received	( 398)	( 398)
CASH FLOWS FROM OPERATING ACTIVITIES	\$ <u>100</u>	\$ <u>100</u>

See notes to financial statements.

## TOWNSHIP OF BARK RIVER

### NOTES TO FINANCIAL STATEMENTS

March 31, 2004

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation - The major focus of a governmental accounting and reporting system is to show adherence to applicable legal provisions and to determine fairly and with full disclosure the financial position and results of operations of each accounting entity within a governmental unit.

In accordance with the above criteria, the accounts of the Township of Bark River are organized on the basis of individual funds or account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a separate, self-balancing set of accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories (governmental and fiduciary) and four generic fund types (general, special revenue, debt service and trust and agency) as follows:

#### Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources and transactions not properly or legally accounted for in another of the Township's funds.

Special Revenue Funds - The Township's special revenue funds are used to account for proceeds of specific revenue sources or to finance specified activities as required by law or administration regulations. The following special revenue funds are maintained by the Township:

Liquor Law Enforcement Fund  
Municipal Building Fund  
Cemetery Maintenance Fund  
Casino Revenue Sharing Fund  
Fire Fund  
Fire Equipment Fund  
Road Fund

# **TOWNSHIP OF BARK RIVER**

## **NOTES TO FINANCIAL STATEMENTS**

March 31, 2004

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Governmental Funds (Continued):**

Debt Service Fund - The Township's debt service fund is used to account for the accumulation of cash resources for debt retirement and for the payment of principal and interest on general long-term debt not paid through the General Fund. The only debt service fund maintained by the Township is the Fire Hall debt service fund.

#### **Fiduciary Funds:**

Trust and Agency Funds - The Township's trust and agency funds are used to account for assets held by the Township as trustee or agent for individuals, private organizations and other governmental units. The trust and agency funds maintained by the Township are as follows:

##### **Agency Funds:**

Current Tax Collection Fund

Trust and Agency Fund

##### **Nonexpendable Trust Funds:**

Cemetery Trust Fund

Account Groups - In addition to the aforementioned funds, the Township also maintains two separate account groups for the purpose of recording investment in general fixed assets and general long-term debt. These assets and liabilities are not considered specific fund assets and liabilities and are reported in these account groups to facilitate full disclosure of all of the Township's assets and liabilities consistent with their basis of accounting.

Basis of Accounting - The cash basis of accounting is used by all of the Township's funds. Under the cash basis of accounting, revenues are recognized as received and expenditures are recognized as paid. Accordingly, the financial statements do not reflect assets arising from revenues earned but not yet collected, or liabilities from expenditures or expenses incurred but not yet paid.

Budgets - The Township prepares annual budgets under the cash basis of accounting. Budgets are adopted by the Township prior to the beginning of the fiscal year. Budgets may be amended at any scheduled meeting of the Township Board.

Fund Balance Terminology - Reserves of fund balances represent amounts of fund balance not available for current operating purposes due to legislative restriction or legal mandate. The only reserve maintained by the Township is for the nonexpendable portion of trust fund assets. Unreserved fund balances represent the amount of spendable resources in each fund as of the date of the general purpose financial statements.

# TOWNSHIP OF BARK RIVER

## NOTES TO FINANCIAL STATEMENTS

March 31, 2004

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Reporting Entity - The Township's policy is to include in their financial statements the financial position and activity of all entities or organizations over which they exercise direct or significant control. Significant control is measured principally by the Township's ability to determine the composition of the governing board of an organization, and by the amount of their fiscal and administrative policy oversight responsibilities. The Township does not have any component units for reporting purposes.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Township considers all cash deposits to be cash and cash equivalents.

General Fixed Assets - General fixed assets are recorded at cost or estimated cost where prior years records are not available to substantiate actual cost. General fixed assets acquired before April 1, 1995 are recorded at estimated original cost.

### **NOTE 2 - CASH DEPOSITS**

The Township's investment policy requires that the Township invest excess monies in interest bearing accounts or certificates of federally insured banks located in the State of Michigan and is in compliance with statutory requirements established by the State.

Cash deposits are recorded at cost. All Township cash deposits are held in federally insured banks located in the State of Michigan. During the past year, cash balances deposited have exceeded the maximum federally insured deposit levels.

Cash balances as of March 31, 2004 consisted of the following:

Interest bearing checking accounts	\$ 160,339
Interest bearing short-term deposits	<u>119,065</u>
	\$ <u>279,404</u>

Total uninsured and unsecured deposits as of March 31, 2004 amounted to \$180,955, based on actual bank balances on that date of \$280,955.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2004

**NOTE 3 - GENERAL FIXED ASSETS**

The following summarizes general fixed assets as of March 31, 2004:

<u>Activity</u>	<u>Land and Improvements</u>	<u>Buildings and Structures</u>	<u>Equipment</u>	<u>Total</u>
General purpose	\$ 37,300	\$ 631,863	\$ 40,000	\$ 709,163
Fire services	9,000	369,600	425,733	804,333
Recreation	<u>8,000</u>	<u>70,900</u>	<u>31,928</u>	<u>110,828</u>
	\$ <u>54,300</u>	\$ <u>1,072,363</u>	\$ <u>497,661</u>	\$ <u>1,624,324</u>

The following summarizes changes in general fixed assets for the year ended March 31, 2004:

	<u>Land and Improvements</u>	<u>Buildings and Structures</u>	<u>Equipment</u>	<u>Total</u>
Balance, April 1	\$ 54,300	\$ 1,072,363	\$ 418,000	\$ 1,544,663
Additions	-	-	99,661	99,661
Dispositions	<u>-</u>	<u>-</u>	( <u>20,000</u> )	( <u>20,000</u> )
	\$ <u>54,300</u>	\$ <u>1,072,363</u>	\$ <u>497,661</u>	\$ <u>1,624,324</u>

General fixed assets are defined by the Township as assets with an initial cost in excess of \$2,500 and an estimated life in excess of two years. Types of property generally not recorded as general fixed assets under this definition would include office furniture and equipment and various fire services equipment and turn-out gear.

Approximately 14% of the cost of general fixed assets is stated using estimated cost.

**NOTE 4 - GENERAL LONG-TERM DEBT**

A summary of changes in general long-term debt for the year ended March 31, 2004 is as follows:

	<u>Bonded Debt</u>	<u>Installment Notes</u>	<u>Total</u>
Balance, April 1	\$ 311,300	\$ 223,035	\$ 534,335
Payments	( <u>5,000</u> )	( <u>21,000</u> )	( <u>26,000</u> )
Balance, March 31	\$ <u>306,300</u>	\$ <u>202,035</u>	\$ <u>508,335</u>

**TOWNSHIP OF BARK RIVER**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2004

**NOTE 4 - GENERAL LONG-TERM DEBT (Continued)**

Bonded debt proceeds were used for the construction of a new fire hall. The unlimited tax general obligation bonded debt is held by the federal government and requires semi-annual interest payments at 4.75% and principal payments on an annual basis.

The installment purchase note proceeds were used for the purchase of fire equipment. The limited tax general obligation notes are held by the federal government and require semi-annual interest payments at an average rate of 4.70% and principal payments on an annual basis.

Principal and interest payments expected to be made through maturity on the bonds and notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended March 31, 2005	\$ 18,500	\$ 23,892	\$ 42,392
Year ended March 31, 2006	19,000	23,015	42,015
Year ended March 31, 2007	20,000	22,078	42,078
Year ended March 31, 2008	22,000	21,144	43,144
Year ended March 31, 2009	24,000	20,104	44,104
Five years ended March 31, 2014	120,535	82,472	203,007
Five years ended March 31, 2019	106,000	55,829	161,829
Five years ended March 31, 2024	70,000	34,514	104,514
Five years ended March 31, 2029	91,000	15,302	106,302
Five years ended March 31, 2034	<u>17,300</u>	<u>411</u>	<u>17,711</u>
	\$ <u>508,335</u>	\$ <u>298,761</u>	\$ <u>807,096</u>

**NOTE 5 - MEMORANDUM TOTALS AND COMPARABILITY**

The total column of the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.



# TOWNSHIP OF BARK RIVER

## NOTES TO FINANCIAL STATEMENTS

March 31, 2004

### **NOTE 6 - PROPERTY TAXES**

The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on the taxable valuation of property as of the preceding December 31. In addition to collecting their own taxes, the Township also acts as collection agent for all over-lapping governments in the Township. The Township's portion of the tax is collected between December 1 and February 28. Delinquent real property taxes are subsequently turned over to the County which maintains a tax revolving fund which permits the County to pay the Township 100% of the delinquent real taxes within approximately two to three months after the delinquency date of February 28.

The Township recognizes property taxes as revenue when received. Accordingly, no receivables for delinquent property taxes are reflected in the financial statements. For the year ended March 31, 2004, the Township levied 1.7387 mills for general operating purposes and 1 mill for debt service.

### **NOTE 7 - PENSION PLAN**

The Township maintains two defined contribution pension plans which cover substantially all employees meeting the minimum participant age of eighteen. Annual contributions are based on earned compensation and totaled \$4,313 for the year ended March 31, 2004.

### **NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

The following summarizes interfund receivables and payables as of March 31, 2004:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ 498	Current Tax	\$ 398
		Trusted Agency	100
	\$ <u>498</u>		\$ <u>498</u>

### **NOTE 9 - RISK MANAGEMENT**

The Township is exposed to various risk of loss related to torts, theft, accident, errors, omissions, injury and disaster. The Township's principle resource used to manage these risks is through the purchase of commercial property and liability insurance policies.

**COMBINING FINANCIAL STATEMENTS**

## TOWNSHIP OF BARK RIVER

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
ARISING FROM CASH TRANSACTIONS - ALL SPECIAL REVENUE FUNDS

March 31, 2004

	Liquor Law Enforcement	Municipal Building	Cemetery Maintenance	Casino Revenue Sharing	Fire		Road	Total
					Fire	Equipment		
<u>ASSETS</u> Cash	\$ 9,940	\$ 22,732	\$ 1,841	\$ 13,566	\$ 1,111	\$ 70,837	\$ 559	\$ 120,586
	\$ 9,940	\$ 22,732	\$ 1,841	\$ 13,566	\$ 1,111	\$ 70,837	\$ 559	\$ 120,586
<u>FUND EQUITY</u> Fund balance, unreserved	\$ 9,940	\$ 22,732	\$ 1,841	\$ 13,566	\$ 1,111	\$ 70,837	\$ 559	\$ 120,586
	\$ 9,940	\$ 22,732	\$ 1,841	\$ 13,566	\$ 1,111	\$ 70,837	\$ 559	\$ 120,586

## TOWNSHIP OF BARK RIVER

**COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS**

For the year ended March 31, 2004

	Liquor Law Enforcement	Municipal Building	Cemetery Maintenance	Casino Revenue Sharing	Fire	Fire Equipment	Road	Total
Revenues Received:								
State grants	\$ 1,167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,167
Charges for services	-	-	4,650	-	-	-	559	5,209
Interest and rentals	57	519	-	131	-	1,187	-	1,894
Contributions	-	-	-	26,100	-	-	-	26,100
Other	-	-	-	-	673	-	-	673
	\$ 1,224	\$ 519	\$ 4,650	\$ 26,231	\$ 673	\$ 1,187	\$ 559	\$ 35,043
Expenditures paid:								
General government	\$ -	\$ -	\$ 6,135	\$ -	\$ -	\$ -	\$ -	\$ 6,135
Public safety	2,666	-	-	-	17,220	-	-	19,886
	\$ 2,666	\$ -	\$ 6,135	\$ -	\$ 17,220	\$ -	\$ -	\$ 26,021
Excess of Revenues Received Over (Under) Expenditures Paid (\$	1,442)	\$ 519	(\$ 1,485)	\$ 26,231	(\$ 16,547)	\$ 1,187	\$ 559	\$ 9,022
Other Financing Sources (Uses):								
Operating transfers in	-	-	3,000	-	17,268	-	-	20,268
Operating transfers out	-	( 9,000)	-	( 31,419)	-	-	-	( 40,419)
Excess of Revenues Received and Other Sources Over (Under) Expenditures Paid and Other Uses	(\$ 1,442)	(\$ 8,481)	\$ 1,515	(\$ 5,188)	\$ 721	\$ 1,187	\$ 559	\$ 11,129)
FUND BALANCE, APRIL 1	11,382	31,213	326	18,754	390	69,650	-	131,715
FUND BALANCE, MARCH 31	\$ 9,940	\$ 22,732	\$ 1,841	\$ 13,566	\$ 1,111	\$ 70,837	\$ 559	\$ 120,586

## TOWNSHIP OF BARK RIVER

**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTION - ALL TRUST AND AGENCY FUNDS**

March 31, 2004

	Agency Funds		Nonexpendable Trust	
	Trust and Agency	Current Tax	Cemetery Trust	Total
<b><u>ASSETS</u></b>				
Cash	\$ 100	\$ 398	\$ 36,380	\$ 36,878
TOTAL ASSETS	\$ 100	\$ 398	\$ 36,380	\$ 36,878
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Liabilities:				
Due to other funds	\$ 100	\$ 398	\$ -	\$ 498
TOTAL LIABILITIES	\$ 100	\$ 398	\$ -	\$ 498
Fund Equity:				
Fund Balances:				
Reserved, nonexpendable	\$ -	\$ -	\$ 35,865	\$ 35,865
Unreserved, expendable	-	-	515	515
TOTAL FUND EQUITY	\$ -	\$ -	\$ 36,380	\$ 36,380
TOTAL LIABILITIES AND FUND EQUITY	\$ 100	\$ 398	\$ 36,380	\$ 36,878

## TOWNSHIP OF BARK RIVER

**COMBINING STATEMENT OF CHANGES IN CASH AND LIABILITY**  
**BALANCES - ALL AGENCY FUNDS**

For the year ended March 31, 2004

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
<b><u>CURRENT TAX</u></b>				
Assets:				
Cash	\$ <u>208</u>	\$ <u>532,496</u>	\$ <u>532,306</u>	\$ <u>398</u>
	\$ <u>208</u>	\$ <u>532,496</u>	\$ <u>532,306</u>	\$ <u>398</u>
Liabilities:				
Due to other funds	\$ 208	\$ 68,181	\$ 67,991	\$ 398
Due to other governmental units	-	463,322	463,322	-
Refunds payable	<u>-</u>	<u>993</u>	<u>993</u>	<u>-</u>
	\$ <u>208</u>	\$ <u>532,496</u>	\$ <u>532,306</u>	\$ <u>398</u>
<b><u>TRUST AND AGENCY</u></b>				
Assets:				
Cash	\$ <u>-</u>	\$ <u>100</u>	\$ <u>-</u>	\$ <u>100</u>
	\$ <u>-</u>	\$ <u>100</u>	\$ <u>-</u>	\$ <u>100</u>
Liabilities:				
Due to other funds	\$ <u>-</u>	\$ <u>100</u>	\$ <u>-</u>	\$ <u>100</u>
	\$ <u>-</u>	\$ <u>100</u>	\$ <u>-</u>	\$ <u>100</u>
<b><u>TOTALS</u></b>				
Assets:				
Cash	\$ <u>208</u>	\$ <u>532,596</u>	\$ <u>532,306</u>	\$ <u>498</u>
	\$ <u>208</u>	\$ <u>532,596</u>	\$ <u>532,306</u>	\$ <u>498</u>
Liabilities:				
Due to other funds	\$ 208	\$ 68,281	\$ 67,991	\$ 498
Due to other governmental units	-	463,322	463,322	-
Refunds payable	<u>-</u>	<u>993</u>	<u>993</u>	<u>-</u>
	\$ <u>208</u>	\$ <u>532,596</u>	\$ <u>532,306</u>	\$ <u>498</u>

**INDIVIDUAL FUND FINANCIAL STATEMENTS**

## TOWNSHIP OF BARK RIVER

GENERAL FUNDSTATEMENT OF BUDGETED AND ACTUAL REVENUES RECEIVED

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Taxes:				
Current property taxes	\$ 45,000	\$ 45,000	\$ 39,234	(\$ 5,766)
Delinquent taxes, penalty and interest	5,000	5,000	5,103	103
Property tax administration fee	-	-	5,161	5,161
Swamp and commercial forest	2,000	2,000	2,225	225
State Grants:				
Revenue sharing	115,000	115,000	125,077	10,077
Federal Grants:				
Rural fire assistance	-	81,000	81,000	-
Interest and Rentals:				
Interest	1,000	1,000	666	( 334)
Rents	32,000	32,000	24,875	( 7,125)
Contributions:				
Public contributions	-	-	489	489
Other:				
Miscellaneous	<u>500</u>	<u>500</u>	<u>11,764</u>	<u>11,264</u>
	\$ <u>200,500</u>	\$ <u>281,500</u>	\$ <u>295,594</u>	\$ <u>14,094</u>



## TOWNSHIP OF BARK RIVER

GENERAL FUNDSTATEMENT OF BUDGETED AND ACTUAL EXPENDITURES PAID - BY ACTIVITY

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Legislative:				
Township Board	\$ 37,000	\$ 37,000	\$ 23,534	\$ 13,466
General Government:				
Township Supervisor	10,000	10,000	9,773	227
Township Clerk	10,000	10,000	8,173	1,827
Township Treasurer	10,000	10,000	8,857	1,143
Elections	1,000	1,000	347	653
Assessor	6,000	6,000	5,065	935
Board of review	1,400	1,400	964	436
Planning commission	5,000	5,000	1,672	3,328
Public Safety:				
Fire Department	-	90,000	87,734	2,266
Public Works:				
Street lighting	9,500	9,500	9,458	42
Streets and bridges	50,000	50,000	47,406	2,594
Sewer study	10,000	10,000	1,357	8,643
Recreation and Cultural:				
Recreation	25,000	29,000	26,490	2,510
Senior center	50,000	55,000	33,490	21,510
Other:				
Insurance	20,000	20,000	19,055	945
Retirement	4,500	5,000	4,683	317
Social security	1,500	1,500	216	1,284
Debt Service:				
Principal and interest	<u>35,000</u>	<u>35,000</u>	<u>31,246</u>	<u>3,754</u>
	\$ <u>285,900</u>	\$ <u>385,400</u>	\$ <u>319,520</u>	\$ <u>65,880</u>

## TOWNSHIP OF BARK RIVER

**LIQUOR LAW ENFORCEMENT FUND**  
**STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
State grants	\$ 1,075	\$ 1,167	\$ 92
Interest	<u>-</u>	<u>57</u>	<u>57</u>
	\$ <u>1,075</u>	\$ <u>1,224</u>	\$ <u>149</u>
Expenditures Paid:			
Law enforcement	\$ <u>2,805</u>	\$ <u>2,666</u>	\$ <u>139</u>
	\$ <u>2,805</u>	\$ <u>2,666</u>	\$ <u>139</u>
Excess of Revenues Received Over (Under) Expenditures Paid	(\$ 1,730)	(\$ 1,442)	\$ 288
FUND BALANCE, APRIL 1	<u>11,382</u>	<u>11,382</u>	<u>-</u>
FUND BALANCE, MARCH 31	\$ <u><u>9,652</u></u>	\$ <u><u>9,940</u></u>	\$ <u><u>288</u></u>

## TOWNSHIP OF BARK RIVER

MUNICIPAL BUILDING FUNDSTATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
Interest	\$ -	\$ 519	\$ 519
	\$ -	\$ 519	\$ 519
Excess of Revenues Received Over (Under) Expenditures Paid	\$ -	\$ 519	\$ 519
Other Financing Sources (Uses):			
Operating transfers out	-	( 9,000)	( 9,000)
Excess of Revenues Received Over (Under) Expenditures Paid and Other Uses	\$ -	(\$ 8,481)	(\$ 8,481)
FUND BALANCE, APRIL 1	<u>31,213</u>	<u>31,213</u>	-
FUND BALANCE, MARCH 31	\$ <u>31,213</u>	\$ <u>22,732</u>	(\$ <u>8,481</u> )

## TOWNSHIP OF BARK RIVER

**CEMETERY MAINTENANCE FUND**  
**STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
Charges for services	\$ <u>4,400</u>	\$ <u>4,650</u>	\$ <u>250</u>
	\$ <u>4,400</u>	\$ <u>4,650</u>	\$ <u>250</u>
Expenditures Paid:			
Cemetery	\$ <u>8,360</u>	\$ <u>6,135</u>	\$ <u>2,225</u>
	\$ <u>8,360</u>	\$ <u>6,135</u>	\$ <u>2,225</u>
Excess of Revenues Received Over (Under) Expenditures Paid	(\$ 3,960)	(\$ 1,485)	\$ 2,475
Other Financing Sources (Uses):			
Operating transfers in	<u>4,000</u>	<u>3,000</u>	( <u>1,000</u> )
Excess of Revenues Received and Other Sources Over (Under) Expenditures Paid	\$ 40	\$ 1,515	\$ 1,475
FUND BALANCE, APRIL 1	<u>326</u>	<u>326</u>	<u>-</u>
FUND BALANCE, MARCH 31	\$ <u><u>366</u></u>	\$ <u><u>1,841</u></u>	\$ <u><u>1,475</u></u>

## TOWNSHIP OF BARK RIVER

CASINO REVENUE SHARINGSTATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
Casino revenue sharing contributions	\$ -	\$ 26,100	\$ 26,100
Interest	<u>-</u>	<u>131</u>	<u>131</u>
	\$ <u>-</u>	\$ <u>26,231</u>	\$ <u>26,231</u>
Excess of Revenues Received Over (Under) Expenditures Paid	\$ -	\$ 26,231	\$ 26,231
Other Financing Sources (Uses):			
Operating transfers out	<u>-</u>	( <u>31,419</u> )	( <u>31,419</u> )
Excess of Revenues Received Over (Under) Expenditures Paid and Other Uses	\$ -	( \$ 5,188 )	( \$ 5,188 )
FUND BALANCE, APRIL 1	<u>18,754</u>	<u>18,754</u>	<u>-</u>
FUND BALANCE, MARCH 31	\$ <u>18,754</u>	\$ <u>13,566</u>	( \$ <u>5,188</u> )

## TOWNSHIP OF BARK RIVER

FIRE FUNDSTATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
Charges for services	\$ 500	\$ -	(\$ 500)
Other	<u>-</u>	<u>673</u>	<u>673</u>
	\$ <u>500</u>	\$ <u>673</u>	\$ <u>173</u>
Expenditures Paid:			
Fire protection	\$ <u>28,150</u>	\$ <u>17,220</u>	\$ <u>10,930</u>
	\$ <u>28,150</u>	\$ <u>17,220</u>	\$ <u>10,930</u>
Excess of Revenues Received Over (Under) Expenditures Paid	(\$ 27,650)	(\$ 16,547)	\$ 11,103
Other Financing Sources (Uses):			
Operating transfers in	<u>28,000</u>	<u>17,268</u>	( <u>10,732</u> )
Excess of Revenues Received and Other Sources Over (Under) Expenditures Paid	\$ 350	\$ 721	\$ 371
FUND BALANCE, APRIL 1	<u>390</u>	<u>390</u>	<u>-</u>
FUND BALANCE, MARCH 31	\$ <u><u>740</u></u>	\$ <u><u>1,111</u></u>	\$ <u><u>371</u></u>

## TOWNSHIP OF BARK RIVER

FIRE EQUIPMENT FUNDSTATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
Interest	\$ -	\$ 1,187	\$ 1,187
Excess of Revenues Received Over (Under) Expenditures Paid	\$ -	\$ 1,187	\$ 1,187
FUND BALANCE, APRIL 1	<u>69,650</u>	<u>69,650</u>	<u>-</u>
FUND BALANCE, MARCH 31	\$ <u>69,650</u>	\$ <u>70,837</u>	\$ <u>1,187</u>

## TOWNSHIP OF BARK RIVER

ROAD FUNDSTATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
Charges for services	\$ -	\$ 559	\$ 559
Excess of Revenues Received Over (Under) Expenditures Paid	\$ -	\$ 559	\$ 559
FUND BALANCE, APRIL 1	-	-	-
FUND BALANCE, MARCH 31	\$ -	\$ 559	\$ 559



## TOWNSHIP OF BARK RIVER

**FIRE HALL DEBT SERVICE FUND**  
**STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the year ended March 31, 2004

	<u>Original Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Revenues Received:			
Property taxes	\$ <u>20,200</u>	\$ <u>24,816</u>	\$ <u>4,616</u>
	\$ <u>20,200</u>	\$ <u>24,816</u>	\$ <u>4,616</u>
Expenditures Paid:			
Debt service - Principal	\$ 5,000	\$ 5,000	\$ -
Debt Service - Interest	<u>15,200</u>	<u>14,668</u>	<u>532</u>
	\$ <u>20,200</u>	\$ <u>19,668</u>	\$ <u>532</u>
Excess of Revenues Received Over (Under) Expenditures Paid	\$ -	\$ 5,148	\$ 5,148
Other Financing Sources (Used):			
Operating transfers out	( <u>1,400</u> )	<u>-</u>	<u>1,400</u>
Excess of Revenues Received and Other Sources Over (Under) Expenditures Paid and Other Uses	(\$ 1,400)	\$ 5,148	\$ 6,548
FUND BALANCE, APRIL 1	<u>21,995</u>	<u>21,995</u>	<u>-</u>
FUND BALANCE, MARCH 31	\$ <u><u>20,595</u></u>	\$ <u><u>27,143</u></u>	\$ <u><u>6,548</u></u>

**TOWNSHIP OF BARK RIVER**  
**Delta County, Michigan**

**AUDIT REPORT ON FEDERAL PROGRAMS**

**March 31, 2004**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with "Government Auditing Standards" .....	1
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133, and the Schedule of Expenditures of Federal Awards .....	3
Schedule of Expenditures of Federal Awards .....	5
Notes to Schedule of Expenditures of Federal Awards .....	6
Schedule of Findings and Questioned Costs .....	7
Corrective Action Plan .....	8
Schedule of Prior Audit Findings .....	9



*Schneider, Larche,  
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May 28, 2004

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Township Board  
Township of Bark River  
Delta County, Michigan

We have audited the general purpose financial statements of the Township of Bark River, Michigan, as of and for the year ended March 31, 2004, and have issued our report thereon dated May 28, 2004. Our report disclosed that the Township prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township of Bark River's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township of Bark River's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



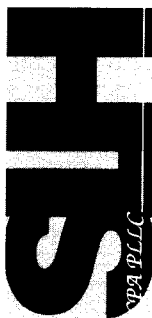
Township of Bark River

May 28, 2004

Page 2

This report is intended for the information of the Township Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Schneider Trache Haystack Company PLLC*  
Certified Public Accountants



*Schneider, Larche,  
Haapala & Co., PLLC*

**CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS**

David P. Pechawer, C.P.A., P.C.

Denise M. Boyle, C.P.A., P.C.

Bruce D. Dewar, C.P.A.

Karen L. Meiers, C.P.A., P.C.

May 28, 2004

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Township Board  
Township of Bark River  
Delta County, Michigan

**Compliance**

We have audited the compliance of the Township of Bark River, Michigan, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended March 31, 2004. The Township of Bark River's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township of Bark River's management. Our responsibility is to express an opinion on the Township of Bark River's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Bark River's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Bark River's compliance with those requirements.

In our opinion, the Township of Bark River complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2004.



### Internal Control Over Compliance

The management of the Township of Bark River is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Township of Bark River's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the Township of Bark River as of and for the year ended March 31, 2004, and have issued our report thereon dated May 28, 2004. Our report disclosed that the Township prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the Township Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountants

# TOWNSHIP OF BARK RIVER

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended March 31, 2004

<u>Federal Grantor/Pass-Through/Program Title</u>	<u>Federal CFDA Number</u>	<u>Approved Award/Grant Amount</u>	<u>Prior Year Expenditures</u>	<u>Current Year Receipts</u>	<u>Current Year Expenditures</u>
<u>U.S. Department of Agriculture</u>					
Direct:					
Community Facilities Loans and Grants*	10.766	\$ 329,000	\$ 325,300	-	\$ 306,300
Community Facilities Loans and Grants*	10.766	119,900	119,900	-	55,035
Community Facilities Loans and Grants*	10.766	178,000	178,000	-	147,000
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		\$	<u>623,200</u>	<u>-</u>	<u>\$ 508,335</u>
<u>U.S. Department of Homeland Security</u>					
Assistance to Firefighters Grant FY03 (FEMA CFDA 83.554)	97.044	\$ 81,000	\$ -	<u>81,000</u>	<u>\$ 81,000</u>
<b>TOTAL FEDERAL AWARDS</b>		\$	<u>623,200</u>	<u>81,000</u>	<u>\$ 589,335</u>

\* Denotes a Major Program.



## TOWNSHIP OF BARK RIVER

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended March 31, 2004

**NOTE 1 -** Current year revenue recognized and expenditures reported in the Schedule of Expenditures of Federal Awards are presented on the cash basis of accounting. This is consistent with the basis of accounting on which the general purpose financial statements are prepared. Expenditures reported in the Schedule of Expenditures of Federal Awards include outstanding bonds and notes payable to the U.S. Government as summarized in Note 3.

**NOTE 2 -** The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Township does not qualify as a low-risk auditee.

**NOTE 3 -** Federal receipts and expenditures reported in the Schedule of Expenditure of Federal Awards is reconcilable to amounts reported in Township's general purpose financial statement as follows:

	<u>Receipts</u>	<u>Expenditures</u>
Amounts reported in the Schedule of Expenditures of Federal Awards	\$ 81,000	\$ 589,335
Outstanding bond and notes balances as of March 31, 2004 carried over from prior year	<u>-</u>	( <u>508,335</u> )
Federal receipts and expenditures in the general purpose financial statements	\$ <u>81,000</u>	\$ <u>81,000</u>

## **TOWNSHIP OF BARK RIVER**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended March 31, 2004

#### **Summary of Auditors' Results**

- The Township prepares its general purpose financial statements on a cash basis.
- No reportable conditions in internal control relating to the audit of the general purpose financial statements were noted.
- No instances of noncompliance were noted during the audit that were material to the Township's general purpose financial statements.
- No reportable conditions in internal control relating to the audit of the major federal award programs were noted.
- An unqualified opinion was issued on the Township's compliance with the requirements applicable to its major federal award program.
- The audit did not disclose any findings or questioned costs that are required to be reported herein.
- The only major program at the Township of Bark River during the year ended March 31, 2004 was the U.S. Department of Agriculture's Community Facilities Loans and Grants, CFDA Number 10.766.
- The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- The Township does not qualify as a low-risk auditee.

#### **Findings Related to the Financial Statements Required to be Reported Under "Government Auditing Standards"**

None

#### **Findings and Questioned Costs for Federal Awards**

None

**TOWNSHIP OF BARK RIVER**

**CORRECTIVE ACTION PLAN**

For the year ended March 31, 2004

No corrective action plan is required for the year ended March 31, 2004 since there were no findings or questioned costs (see page 7).

**TOWNSHIP OF BARK RIVER**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the year ended March 31, 2004

There were no findings, questioned costs, or material weaknesses noted during the Township's prior audit for the year ended March 31, 2003. Accordingly, no follow-up was required during the current year audit.